

COUNTY OF LOS ANGELES

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DEPARTMENT OF MENTAL HEALTH

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May 15, 2008

TO: Each Supervisor
Robin Kay for
FROM: Marvin J. Southard, D.S.W.
Director of Mental Health
SUBJECT: **MAY 2008 STATUS REPORT
FISCAL YEAR 2007-08 BUDGET DEFICIT MITIGATION PLAN
AND MENTAL HEALTH SERVICES ACT IMPLEMENTATION**

This report is to provide you with an update of the Department's status, previously reported on April 15, 2008, regarding the following efforts to:

- 1) Reduce a projected deficit in the current Fiscal Year (FY) 2007-08 Budget; and
- 2) Implement the Mental Health Services Act (MHSA) programs.

Current Year Budget

As of April 30, 2008, the Department is projecting that it will close the current fiscal year with a surplus of \$5.6 million. The change in financial status, as detailed more in Attachment A, is primarily a result of the following factors:

- Receipt of SB 90 repayment revenue from the State in the amount of \$3.8 million, \$1.3 million more than was included in the FY 2007-08 budget; and
- Preliminary reconciliation of prior year MHSA funding in the amount of \$6.8 million

As noted above, the change in the financial position of the Department is due largely to the reconciliation of the prior year activity for the MHSA programs, and particularly as it relates to the amount of revenue associated with Department of Mental Health (DMH) directly operated programs and activities.

Specifically, revenue estimates for these programs that were established during the closing process for FY 2006-07 underestimated the amount of revenue that should be claimed when compared to the Department's final cost report for the fiscal year. We are reviewing the methodologies used to develop the estimates for these MHSA programs at

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the close of last fiscal year and will make adjustments in our methodology as necessary to improve our estimates for MHSA expenditures and revenues during the current fiscal year closing.

MHSA Implementation

Since the last report on April 15, 2008, the following additional MHSA activities have been or are being accomplished:

| Date | Accomplishments Milestone | Status |
|---|---|--|
| April 14, 2008 | One-Time Funds Expansion Plan | Submitted to State DMH; awaiting approval |
| May 2, 2008 | Plan amendment to allocate \$5.7 million in 2005-06 funds | Public comment period closed; will be submitted to State. |
| May 6, 2008 | MHSA Agreement FYs 2004-05 thru 2007-08 | Approved by Board of Supervisors |
| MHSA Amendment to MHSA Agreement FY 2008-09 | Being reviewed by CEO and County Counsel | TBD |
| Upcoming Major Milestones | | |
| June 10, 2008 | Plan for CalFHA housing program | Scheduled to be heard by Board of Supervisors |
| June 17, 2008 | FY 2008-09 CSS Growth Plan | Scheduled target date to post for public comment period |
| Prevention and Early Intervention (PEI) | In plan development and stakeholder discussions; 30 of 50 key informant interviews have been conducted. 2 of 60 focus groups have been conducted. | TBD |
| Workforce Education and Training (WET) | In plan development and stakeholder discussion. Currently conducting focus groups and collecting needs assessment data. | July 15 th public posting target date |
| Capital Facility/Information Technology | In plan development and stakeholder discussions. | TBD |
| Implementation Progress Report | The report is currently being drafted. | Target date for posting revised draft will be Monday, May 19 th . Public Hearing Scheduled June 7 th . |

Full Service Partnerships (FSP)

As of April 30, 2008, the number of FSP authorizations for each age group increased from the following month as follows:

- Children: The number of authorizations is 1,247, an increase of 8%;
- TAY: The number of authorizations is 898, an increase of 7%;

- Adult: The number of authorizations is 2,790, an increase of 19%; and
- Older Adult: The number of authorizations is 224, an increase of 7%.

Field Capable Clinical Services (FCCS)

- As of April 30, 2008, approximately 725 older adults have been served through FCCS, an increase of 7 percent from last month. In addition, another three (3) agreements with community-based organizations that specialize in working with older adults were signed this month. These include the City of Long Beach Health and Human Services, Long Beach Senior Center; Union Rescue Mission/Hope Gardens in Sylmar; and the Antelope Valley Senior Center, bringing the total number of agreements with these providers to nine (9).

Wellness/Client Run Support Centers

Of the 29 MHSA funded Wellness/Client Run Support programs, three (3) more centers are providing wellness, recovery and peer support services since the last report. This raises the total number of centers to 26 or 89 percent of the total currently funded.

If you have any questions regarding this report, please contact me at (213) 738-4601, or your staff may contact Robin Kay, Ph.D., Acting Chief Deputy Director, at (213) 738-4108.

MJS:RK:KW:cm

Attachment

c: William T Fujioka, Chief Executive Officer
Sheila Shima, Deputy Chief Executive Officer
Robin Kay, Ph.D., Acting Chief Deputy Director

DEPARTMENT OF MENTAL HEALTH
PLAN TO IMPLEMENT BUDGET MITIGATIONS FISCAL YEAR 2007-08

UPDATE FOR MARCH 2008

| | Total | CEO Recommendation as of 2/28/08 | |
|---|-----------------------|----------------------------------|-----------------------|
| | | DMH Absorb | Bridge |
| Shortfall of Contractor Mitigation for FY 2007-08 | \$ (10,300,000) | \$ (2,600,000) | \$ (7,700,000) |
| Total Estimate as of March 31, 2008 Based on Implemented Actions | \$ (2,500,000) | \$ - | \$ (2,500,000) |
| <u>Revisions from April 2008</u> | | | |
| Hard freeze on S&S and Fixed Asset CGF Purchases | \$ - | | \$ - |
| SB 90 Repayment from Prior Years (1) | 1,300,000 | | 1,300,000 |
| Early Transformation | | | - |
| CGF 2006-07 Commitments and AP's (pending final reconciliation) | 13,766,000 | 6,985,000 | 6,781,000 |
| Net Budget Status Report estimate for April 2008 | (6,985,000) | (6,985,000) | |
| Subtotal April Revisions | \$ 8,081,000 | \$ - | \$ 8,081,000 |
| Total Year-End Estimate as of April 30, 2008 | \$ 5,581,000 | \$ - | \$ 5,581,000 |
| <u>Potential Factors that Could Further Decrease Deficit/Increase Surplus</u> | | | |
| Vehicle License Fee/Realignment | \$ 1,100,000 | | \$ 1,100,000 |
| Subtotal Factors that Could Increase the Surplus | \$ 1,100,000 | | \$ 1,100,000 |
| <u>Potential Factors that Could Increase Deficit/Decrease Surplus</u> | | | |
| SB 90 Repayment from Prior Year (1) | \$ - | | \$ - |
| Repayment of MAA Audit liability for FY 2002-03 (2) | \$ (348,000) | | \$ (348,000) |
| Subtotal Factors that Could Decrease Surplus | \$ (348,000) | | \$ (348,000) |

Best Case Scenario

| | |
|---|---------------------|
| Current Year End Estimate | \$ 5,581,000 |
| Potential Factors that Could Increase Surplus | \$ 1,100,000 |
| Best Case | \$ 6,681,000 |

Worst Case Scenario

| | |
|---|---------------------|
| Estimate as of March 31 Report | \$ 5,581,000 |
| Potential Factors that Could Decrease Surplus | \$ (348,000) |
| Worse Case | \$ 5,233,000 |

(1) SB 90 Repayment received; Auditor-Controller recommending \$3.8 million be posted to DMH. \$2.5 million was budgeted.
(2) Estimate based on FY 2001-02. State scheduled to complete audit in April or May 2008.